

CHAPTER 10 COMMON ERRORS FOUND IN AUDITS

10.000 Failure to Preserve and Provide Adequate Records for Audits

Per IRP Section 1500 and CVC Section 8057(a), the registrant is responsible for preparing, preserving, and providing the required operational records to support four apportioned registration applications (i.e., the current-year application and three preceding applications). In the 2008 registration year, the registrant is required to preserve distance records from July 1, 2003 through June 30, 2007 to substantiate the fleet and jurisdictional distance reported on the 2005, 2006, 2007, and 2008 applications.

Proper maintenance of records alleviates the assessment of 100% California fees or fees based on the auditor's estimation of the registrant's true liability, and enables the registrant to receive credits or refunds for any overpaid jurisdictional fees in an audit.

10.005 Vehicles Operated in California Without Proper Registration

CVC Section 4000 requires all vehicles operating on California streets and highways to possess proper California registration, except for those that are explicitly exempt by law.

California's apportioned registration expires at midnight on December 31, and California has no grace period in vehicle registration. Any vehicles operating in California, including those vehicles that were previously based in other jurisdictions and vehicles that are being added to the fleet or deleted from the fleet, are required to possess proper California vehicle registration upon expiration of the prior registration.

Vehicles that are found to have violated CVC Section 4000, including operations without proper registration during the delayed enforcement period for apportioned vehicles, are subject to applicable fees, interest, and penalties.

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10.010 Improper Use of Estimated Distance

Actual distance generated by vehicles apportioned in the fleet must be reported when the fleet has actual distance operated in the jurisdictions in the preceding year, despite changes in fleet vehicles, IRP account numbers, base jurisdictions, business names, business ownership, or business addresses.

Whenever actual fleet or vehicle distance exists, estimated distance is not allowed on an original or renewal application, except for those jurisdictions in which the fleet had no actual vehicle movement in the preceding year, or the fleet was first apportioned on or after April 1 of the preceding year.

All allowable estimates must reasonably and realistically reflect the most probable anticipated operations of the fleet and vehicles registered. The registrant must provide written justification for the estimated distance or utilize the "Estimated Mileage Chart", in accordance with IRP Section 800.

10.015 Failure to Properly Identify Estimated Distance on Application

The registrant must properly identify all estimated distance on the California IRP Carrier Data form (renewal) or Schedule A/B, by marking an "X" in the box in the "Est" column for any jurisdiction distance which is estimated, and explain how the estimate is determined.

10.020 Use of Incorrect Reporting Period

For IRP distance reporting purposes, reportable distance is based on the distance generated by the power units apportioned during the July 1 through June 30 period preceding the registration year for which apportioned registration is sought. For registration year 2008, the reporting period is July 1, 2006 through June 30, 2007.

10.025 Summaries Disagreeing with Reported Distance

The inconsistency could be caused by addition errors, posting distance to the wrong jurisdictions, not using the summaries to report actual distance on Schedule B, or reporting estimated distance as "actual."

10.030 Missing or Incomplete Summaries

The registrant must prepare and maintain monthly, quarterly, and yearly summaries to recap all distance accumulated by apportioned vehicles and support the jurisdiction and total fleet distance reported on the apportioned registration application.

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10.035 Missing or Incomplete IVDRs

The registrant must prepare an IVDR for each trip made by an apportioned power unit, and support distance information recorded in monthly summaries by the IVDRs. No summaries shall be accepted at face value in an audit. The registrant must provide the IVDRs to substantiate the distance summaries.

10.040 Unsupported Time Lapses or Idle Periods

The registrant is to maintain and provide adequate operational records (e.g., fuel logs, equipment maintenance/repair records with recorded odometer readings, etc.) to substantiate extended periods of idle or down time by any apportioned power units.

10.045 IVDRs not Batched in Date Sequence by Equipment Number

The IVDRs, which serve as source documents for distance summaries and the actual distance reported, must be organized in a manner as specified in this handbook to facilitate the review of the recorded distance for individual power units.

10.050 Insufficient Information on IVDRs

The IVDRs must contain all the necessary vehicle, trip and distance information, including distance traveled by jurisdiction and in-city delivery and local area distance. Sufficient information insures accuracy in computing the total trip distance and allocating jurisdiction distance for reporting and audit purposes.

10.055 Missing Odometer or Hubodometer Readings on IVDRs

California requires the recording of odometer or hubodometer readings on the IVDRs to ensure full reporting and continuity of vehicle movements by apportioned vehicles.

10.060 Gaps in Odometer Readings

Just as the origin of a trip must agree with the destination point of the previous trip, the beginning odometer reading must match the ending reading of the previous trip.

10.065 Difference between Total Distance and Odometer Readings

The recorded distance should agree with the total distance derived from the odometer readings.

10.070 Unreported Local or Intrastate Distance

Accountable distance includes all local, intrastate, and deadhead distance accrued by apportioned vehicles.

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10.075 Improper Inclusion of Distance Accrued by Vehicles not Apportioned in the Fleet

Reportable distance is that accrued by the power units apportioned in the fleet in the preceding year. Distance accumulation begins from the date the vehicle is added to the fleet and ceases upon its deletion from the fleet.

10.080 Absence of Interjurisdictional Movement

Each apportioned vehicle must travel in two or more member jurisdictions. Vehicles operating solely in California or in any one jurisdiction are not eligible for apportioned registration and are subject to 100% fee assessment, unless intent to travel interstate can be established.

10.085 Improper Removal of Distance from Total Fleet Distance

In general, distance remains with the fleet in which it was generated. When transferring a vehicle to another fleet, delete the vehicle promptly on a supplement and retain the distance accrued by the vehicle prior to the transfer. Also, report the vehicle's mileage to the new fleet.

10.090 Unsupported Purchase Prices and Dates

The reported purchase prices and dates must be based on the proper cost documents such as purchase invoices, which must be made available for audit upon request by the department.

10.095 Exclusion of Federal Excise Tax and Other Reportable Costs from Purchase Prices

Unlike sales and local taxes, the Federal Excise Tax is includable as part of the purchase price for registration purposes. Other reportable items are the delivery charge, the value of any trade-in, additions or modifications.